



Tax Outlook

**Trends that need to be
on your Tax Radar**

kpmg.com/be/tax



Our contemporary art collection

Our headquarters at Brussels Airport boasts a permanent exhibit of contemporary artwork from both Belgian and international artists, which we selected in cooperation with Vanhaerents Art Collection. The artwork is featured throughout this brochure.

Contemporary art fits nicely with our story. The artists of these works, created them in a globally influenced, culturally diverse, and technologically advancing world. Their art demonstrates a dynamic combination of materials, methods, concepts, and subjects that challenge traditional boundaries and defy easy definitions.

In the same way, this is how we, at KPMG, try to make the difference, every day.

Table of contents

KPMG's Tax Compass

Our services - KPMG Tax Advisers	4
Tax reputation risk How to deal with the reputational risk associated with tax matters	6
Flexible reward plans How to use flexible reward plans in effective remuneration strategies	8
E-commerce How to realize your online ambitions	10
R&D tax incentives How to benefit from the Belgian tax opportunities for Research & Development	12
Tax compliance level How to lift your tax (compliance) function to the next level	14
Transfer Pricing How to manage the new extensive Belgian transfer pricing documentation filing requirements	16
M&A activities How to successfully manage your Merger and Acquisition activities	18
Family businesses How to help family businesses grow and succeed	20
Tax benefits with sustainability How to increase tax benefits by making your company more sustainable	22
Improve compliance for employee travel How to ensure compliance before your employees check in for business travel	24

Dear reader,

The world of tax is constantly changing. New tax regulations, a stronger focus on indirect tax, increased scrutiny on intercompany transactions combined with an increased focus on tax transparency and reporting requirements, all present new challenges for corporations. These changes also provide opportunities to maximize your tax benefits through business choices, like becoming more sustainable. Either way, whether you are facing challenges or leveraging opportunities, local and global companies alike, need quality advice to guide them through these new tax trends.

Furthermore, as the world becomes more interconnected, discussions about who pays tax, how and when, are likely to intensify. This is not easy terrain. It is clear that we need a sustained, inclusive and coherent discussion about the key issues that are affecting and shaping globalization and taxation. This must include all stakeholders, in an open, honest and robust debate. That's why, at KPMG we believe that the global reality of tax demands both a global and local conversation and, where appropriate, integrated action.

Building a high performing tax function is critical for tax transformation success. This can help turn your tax function into a modern business unit, with increased efficiencies. Our goal is to help you stay competitive and compliant in this ever changing world.

This KPMG Outlook brochure presents the latest trends in tax, the challenges these could present to you, and how we can help you approach each issue. Supported by our global network, we are ready to help prepare your company for your tax future in Belgium and across borders; enhancing your compliance, maximizing your opportunities, and minimizing your risks.

KPMG Tax Advisers are here to help you navigate these newest tax trends.

Best regards,



René Philips,
Head of Tax & Legal

Our services- KPMG Tax Advisers

Tax issues are complicated, and are often the subject of great concern for companies. KPMG Tax Advisers understand your tax needs. Our tax specialists offer you a broad range of fully integrated tax services. They take a pragmatic approach to tax and focus on what, you, want to achieve. At KPMG, we formulate an individualized tax model, based on your best interests.

Corporate Tax

Our Corporate Tax professionals help you by providing advice and assistance across various areas of specialization: banking, insurance, leasing, real estate, automotive, life sciences, and other sectors. We can also help you with complex transactions, when you are dealing with the tax and legal aspects of a cross-border acquisition or with your global transfer pricing strategy. Our team will assist you in achieving improved tax compliance and managing tax risks, while helping to control costs and raise accountability.

Our practice has accumulated expertise in providing advice on tax and legal issues facing Belgian companies and international groups with a Belgian branch or European headquarters. Each entity has unique tax requirements. Our team of qualified advisers is ready to work with you to conform to those requirements.

Indirect Tax

Indirect tax liabilities, such as VAT and customs & excise duties change frequently. In addition, the number of indirect tax compliance visits and investigations carried out by the VAT administration is increasing. Poor indirect tax management can squeeze cash flow, allow the over- or underpayment of tax and attract penalties for non-compliance. Our Indirect Tax team assists you by providing advice on your obligations and works with you on your administrative requirements and contacts with the relevant tax regulators.

Global Mobility Services

Our Global Mobility Services (GMS) practice provides advisory, compliance and administrative services, along with outstanding technology, to help companies manage an international workforce. Whether you are considering expansion or relocation, an acquisition or more streamlined processes to manage your existing workforce, our practice is here to support you.

Transfer Pricing

Transfer pricing is a critical issue for all companies with cross border or inter-company transactions, and is one of the cornerstones of effective global tax planning. Our practice helps you to manage your company's transfer pricing issues by providing advice on planning, compliance and documentation, compliance dispute resolution, and practical implementation of your transfer pricing policy in Belgium and internationally.

Mergers & Acquisitions

Companies with global ambitions cannot afford to ignore the opportunities for profitable growth offered by mergers, acquisitions, and divestments. Our Mergers & Acquisitions Tax & Legal team can help your firm create real value from your deals. Whether, merging or acquiring a new business, or divesting a business, we can guide you through the tax and legal implications of each deal.

Reward Practice

Today's talent market is highly competitive. Attracting and keeping top talent is becoming more and more difficult. Employees want flexibility, but sometimes offering them flexible compensation plans can be time consuming and add heavy administrative, tax, and legal burdens. Our team helps you implement a cafeteria plan in Belgium, giving your employees more choices and making your administrative burdens easier to manage. Together we help you develop an individualized approach and tailor our tool to suit your needs and those of your employees.



Saturn V Moon Rocket 1:18 Scale, 1999, foamcore, hot glue, ink, 107 x 980 cm - Tom Sachs Vanhaerents Art Collection, Brussels

How to deal with the reputational risk associated with tax matters



BLUEBIRD, 1988, MIXED MEDIA, ACRYLIC PAINT, 244 X 234 cm - John Baldessari
Vanhaerents Art Collection, Brussels

The Challenge

Considering the post global financial crisis, the rise of corporate social responsibility, the increased media focus on tax matters, the internationalization of business, and the increasing use of the Internet and technology, we end up with one burning question: 'How to deal with reputational risk associated with tax matters?' Greater transparency is a growing demand. Tax directors need to start considering this as part of their overall tax planning strategy.

For many, tax is also becoming a governance and reputational issue. The traditional concept of legality as the appropriate delineation of what is acceptable and what is not, is changing. The reputational question, as vague as it may be, is coming to the forefront, as well as the debate on whether public authorities should embrace greater publication of general, corporate, and individual tax information. However, there is a clear potential for public misunderstanding and misleading comparisons when this information is provided in its raw form.

In the meantime, a large number of initiatives have taken place that will lead to international rules on transfer pricing, base erosion, profit shifting, and transparency measures. Consequently, large corporates need a strategy to explain their tax information and be prepared to respond to public scrutiny based on the released information.

Tax is a global reality, and today, it demands both a global conversation and, where appropriate, global action. In speaking with our fellow tax advisors around the globe, it became clear that there is a need for a sustained, inclusive and coherent discussion about the key issues that are affecting and shaping globalization and taxation.

KPMG Approach

KPMG launched its Global Responsible Tax Project, a global initiative that invites the full range of stakeholders, including taxpayers, academia, media, government, global bodies, politicians, NGOs and tax professionals, to inform thinking on what responsible tax behavior looks like in a global context. They are being asked to debate the questions "what is responsible tax and how can we collectively help to shape the tax system of the future so it is fit for purpose for both developed and developing economies?" Our hope is that this will help us to inform thinking on what responsible tax behavior looks like in a global context. It is vital to hear as many views from as many places as possible. By driving an inclusive discussion, all stakeholders can contribute to responsible global tax behavior, action and advice.

Some of the initiatives that we have launched already include:

- A series of high level roundtable meetings across the globe to discuss all the relevant issues about the desirability and feasibility of a global responsible tax.
- Enhance and facilitate an online conversation through interactive platforms.
- Refocus on our values making sure that our employees are well aligned.
- Contribute to the journey from policy to implementation and practice.

Furthermore, we advise our clients on the best way to respond to this increasingly complex legal and business environment. Our approach is to monitor and keep abreast of developments which will occur at local country and international forum levels not only in the short term, but also in the long term.

We plan for public discussion. A management plan needs to be set in place to ensure that senior management is aware of the potential risks of a company's tax affairs becoming a point of public discussion. Furthermore, we advise developing the narrative behind your tax numbers and being prepared to communicate this. Make sure the story is balanced, supportable, and that it deals with a proper time horizon. Be certain that decisions are made taking into account potential reputational risks, and not simply whether the tax law in various jurisdictions has been complied with. And finally, prepare for discussions with tax authorities, putting in place processes to support these discussions. The costs of early preparation tend to be significantly smaller than a path of long-term conflict and litigation.

The Benefits

Full tax disclosure will become an unconditional requirement, whether as a result of regulation or stakeholders demands. Our team of tax experts helps you successfully manage the balance between tax planning, tax transparency, and corporate reputation. Think about the reputational implications of your company being perceived as not paying its 'fair share' or engaging in questionable tax planning if this is highlighted on Facebook, Twitter, or the front page of the newspaper.

How to use flexible reward plans in effective remuneration strategies

The Challenge

Today's talent market is highly competitive. Attracting and keeping top talent is becoming more and more difficult. Employees want flexibility, but sometimes offering them flexible compensation plans can be time consuming and add heavy administrative, tax, and legal burdens.

With our KPMG Flex Reward Tool offering, we help you simplify the process, reduce the burdens and extra work, and provide your employees with the ease and flexibility of choosing their own rewards. Our Flexible Reward Plan offers you a comprehensive and easy-to-use platform that makes offering a "cafeteria plan" for compensation look easy.

Why should you implement a Flexible Reward Plan?

- Attract and keep the best talent on the market by offering them the incentive of designing their own rewards package.
- Gain the freedom to shape compensation packages to your employees' individual and often shifting needs.
- Reduce costs with no or limited net impact for the employees.
- Option to include a mobility package to encourage employees to use other mobility measures.

KPMG Approach

KPMG's Reward Practice specializes in advising companies on effective remuneration strategies. Our team not only has extensive experience with compensation and benefits plans, but a deep understanding of the policies and structures behind remuneration. We bring technical knowledge, and practical expertise in all aspects of flexible reward plans; from tax, and labor law to the process and IT requirements.

The Benefits

Your benefits from using KPMG for the implementation of your Flexible Reward Plan:

- Development of an individual strategy for your company and remuneration needs.
- Help with all technical aspects of assessment, planning, and implementation.
- Assessment of tax, legal, and cost implications.
- Work with any payroll provider that you choose.
- Use of our user-friendly web-based tool with the following features:
 - The key asset of our tool is flexibility: We adapt our tool based on your needs.
 - Simulation tool: To enable your employees to individually shape their compensation and benefits package and immediately see the impact of their choice on their gross and net salary.
 - Communication tool: Central portal to share information with employees. Communication about rewards is key and our tool can be used to enhance this communication.
 - HR tool: Our tool significantly decreases the administrative burden by automating processes. All data is stored in a central (exportable) database. We offer the possibility to link this database with internal or external parties. Other features are also available, such as the automatic draft of an annex to the employment contract based on the choice of the employee, and an HR access page with possibilities for HR to update basic data and access reports.
 - The tool takes into account all tax and social security calculations (including individual income tax, VAT and corporate income tax).



www.cafeterioplan.be

Jason (Briefs), 2009
Laserchromecolor print mounted on 4 mm aluminium
with 8 mm plexiglas, 200 x 150 cm - Elmgreen & Dragset
Vanhaerents Art Collection, Brussels

How to realize your online ambitions

The Challenge

Whether you do business in a B2B or B2C environment, you can no longer ignore it: an online presence is essential. What's more, not having an online presence is no longer an option if you want your business to have a healthy future.

While it may seem like the logical first step when starting an online store, as shown in recent studies, many web shops don't pass basic e-commerce security tests.

To be successful you need to build a simple, attractive, and reliable online store. You need to take into account a whole host of tax and legal regulations in this respect. In addition, you must not lose sight of logistical issues. After all, logistics is an extension of your service to the end customer. And, an online store without a professional marketing strategy behind it doesn't stand a chance in the long term. Digital marketing is therefore also one of the priorities for success online. In short, developing a good online store requires the necessary know-how.

KPMG Approach

Based on our integrated method from start to finish, we can help you every step of the way on your e-commerce journey.

We start off by looking at your offline business model, what you want to achieve online and your budget. Next, we draw up a plan for you to build your online store. Here, we carefully consider the tax and legal considerations of setting up an online store. We then focus, down to the minor details, on the logistical considerations, the integration of logistics with your store, digital marketing, online payments, customer support, and more.

From the word 'go', you can rely on receiving personalized advice and working with a team of dedicated experts, who will help you every step of the way. We'll closely monitor your online business even after it goes live.

In an effort to spare you from having to rely on many different service providers in order to gather the necessary expertise, KPMG guides you all the way, from start to finish. We work with the best third-party suppliers to make sure you have everything you need to get through the process of opening your online store.

This approach combines our e-commerce tax and legal expertise, with our partners' expertise in e-commerce, and gives you just one partner to work with, who will coordinate everything for you. We firmly believe that this approach leads to success.

The Benefits

Whether you're working hard to build your online store or already have one and have questions (such as the legal or tax aspects of your online business), we will be happy to provide the following services to you in a customized fashion and with personal guidance.

We can help you from A to Z, guiding you through the entire process:

1. Developing strategies and building online stores
2. Content management
3. Digital marketing
4. Web fulfillment and distribution
5. Legal and tax services
6. Other advisory solutions



How to benefit from the Belgian tax opportunities for Research & Development

The Challenge

Belgium has been a prime location for companies involved in R&D activities for years, supported by a comprehensive set of tax incentives. With the new Innovation Income Deduction (IID), the tax friendly climate for R&D will continue to be available for companies. Besides the development of patents, innovative software solutions and process innovation may also unlock new tax opportunities.

Bringing together the expertise of different departments (e.g. R&D, HR, Finance ...) may sometimes be a hurdle for companies to identify applicable tax incentives for R&D. Documentation, quantification and obtaining the required certificates may also constitute a barrier to effectively claim the benefits. If your company is an innovator and invests in R&D, make sure you do not miss out on any of the tax breaks.

KPMG Approach

KPMG's R&D Tax Incentives Group has vast experience in identifying, deriving value and claiming tax benefits for innovative companies.

We can help you to:

- evaluate R&D projects for tax efficient outcomes, quantify potential savings and feasibility;
- develop supporting documentation required for tax and regulatory purposes, including transfer pricing;
- obtain an advance tax ruling providing upfront certainty on the tax situation;
- apply the R&D tax incentives in your tax return, reporting and accounting systems;
- access our global network of R&D Tax Incentive specialists.

The Benefits



Reduced tax rate for innovation income

Following the conclusions of the OECD BEPS Report on Action 5 ("Modified Nexus Approach") and the agreement at the European Code of Conduct Group regarding patent box regimes, Belgium replaced its major tax incentive for R&D. As from 1 July 2016, the new Innovation Income Deduction (IID) replaces the former Patent Income Deduction (PID). Under the IID, companies can deduct up to 85% of their net innovation income from the taxable base, resulting in an effective corporate taxation as low as 4,44% (for financial years starting on 1/1/2018) and 3,75% as from 1/1/2020 (due to the lowering of the corporate income tax rate).

The IID applies to income from a broad range of qualifying intellectual property rights (IPR). Not only patents are within the scope of the IID, but also breeders' rights, orphan drugs, data and market exclusivity and copyrighted software.

The qualifying income is also broadly defined and includes royalties and license fees, IPR income embedded in the sales price or attributable to, IPR-based process innovation, as well as capital gains.

In line with the Modified Nexus Approach, the deduction is calculated on the net IPR income and is subject to a specific formula in order to make sure that the preferential treatment is only granted to income derived from own R&D activities.



Patent Income Deduction grandfathered until 30 June 2021

A grandfathering period for qualifying patent income to benefit from the old regime exists until 30 June 2021 provided that the patent in question has been obtained or applied for before 1 July 2016. Under the PID, companies are entitled to an 80% deduction of their gross patent income from the taxable base.



Reduced cost of R&D personnel

Companies that employ researchers with a scientific master or doctoral degree benefit from a partial exemption from payment of withholding tax on their wages. They must transfer only 20% of the withholding tax due on the wage of these researchers to the tax authorities, while they withhold the 100% that would normally be due. The measure has thus no impact on the individual income tax situation of the researchers and generates a cash subsidy for the employer.

As a result of the Belgian corporate income reform, this withholding tax exemption now also applies to scientific bachelor degrees. As from 1 January 2018, employers can exempt up to 40% of the wage withholding tax for their bachelors engaged in R&D programs. As from 1 January 2020 the exemption will even increase to 80%. Please note that the total withholding tax exemption for bachelors is capped at 25% of the total withholding tax exemption applied for masters and doctors.



Deduction for investments in patents and R&D assets

R&D related investments in patents and new assets related to R&D can lead to an increased investment deduction of 13,5% of the invested amount or 20,5% of the annual depreciation (assessment year 2017). It is also possible to convert the deduction into a tax credit (at 33,99%), which is cash refundable if not used within the next four tax assessment years.



Tax exemption of regional subsidies

Subsidies granted by the Belgian Regional Institutions to support R&D are exempt from corporate tax.

Diana - 2013, concrete (statue), acrylic paint, Azores crocheted lace, 210 x 50 x 60 cm - Diana Vasconcelos, Vanhaerens Art Collection, Brussels

How to lift your tax (compliance) function to the next level

The Challenge

Globalization, BEPS, ever-changing tax laws and accounting standards, increasing transparency, reporting and compliance requirements from the tax authorities, and the digitalization of the tax environment, all announce the start of a new era for tax departments of global companies.

Against this background direct and indirect tax responsibilities are evolving from being tax technical experts to more management roles and so are being faced with new challenges.

- Meet increasing transparency requirements (e.g. BEPS disclosures).
- Avoid data from different sources piling up without any coordination.
- Assure data is qualitative and compatible with your ERP systems.
- Move from paper filings to digitized ones.
- Develop effective tax processes combining human resources and tools.
- Identify, resolve and monitor compliance risk areas.
- Develop an appropriate organizational model for the tax function.

All too often, tax responsibilities are struggling to find time and resources to tackle these new issues in combination with their traditional roles and responsibilities.

KPMG Approach

KPMG Belgium offers a unique multidisciplinary approach to the above challenges. Our dedicated Tax Management & Compliance Services (TMCS) team includes specialists with experience in the following areas:

- Tax process efficiency: design, set up, and improvement of tax processes that meet risk and control requirements
- Tax function effectiveness: support clients to build up and improve their tax function
- Direct and indirect tax compliance outsourcing on a local and global scale
- Tax / VAT Enterprise Resource Planning services
- Tax technology: return automation, tax reporting solutions, paperless tax office ...

Our team can help you manage your local and global requirements, avoiding any pitfalls through the use of our tax tools and multidisciplinary experience. In the digital age, having the right approach, team, and tools for the job can make the difference.

The Benefits

We can provide your company with excellent local and global Corporate Tax and VAT compliance services, or coordinate your compliance on a group level. Our extensive ERP experience even allows us to enhance the performance of your ERP system.

Our multidisciplinary team of specialists can help you to organize, manage, and evaluate your existing (compliance) processes, and recommend optimization to increase productivity. KPMG also offers a large number of tax solutions which can be tailored to automate the preparation, filing of multiple type returns, and respond to tax technology requirements imposed by the tax and VAT authorities.

We can assist your tax function to reach the next maturity level, realizing time and cost efficiencies, while greatly improving quality and risk controls!



In Fluidum, 1996, plaster and metal,
137 x 165 x 35 cm - Johan Tahon
Vanhaerents Art Collection, Brussels

How to manage the new extensive Belgian transfer pricing documentation filing requirements, knowing that they will serve as a basis for the selection of transfer pricing audits

The Challenge

In October 2015, the Organization for Economic Co-operation and Development (OECD) released 14 final reports in relation to the 15 Base Erosion and Profit Shifting (BEPS) action points tackled in the 2013 BEPS action plan. European governments have all expressed their commitment to end BEPS and are eager to help shape and refine the plan. Now that the final reports have been issued, federal governments are making changes to their tax codes in order to be aligned with the new recommendations and regulations.

In Belgium, in line with the guidance provided by the OECD in Action Point 13 of its Base Erosion and Profit Shifting (BEPS) reports, the federal government introduced the transfer pricing documentation requirements (through the Program Law of 1 July 2016 and the related Royal Decree dated 28 October 2016).

This indicates a significant shift. Belgium is moving from an era where no transfer pricing documentation was required (unless requested in the context of a tax audit), to a formal transfer pricing documentation obligation which includes the electronic filing of all the documentation to be prepared.

Starting from financial year 2016, Belgium has introduced transfer pricing requirements for filing a Master File and a Local File for each Belgian subsidiary or permanent establishment (of a multinational group) that exceeds one of the following thresholds, to be assessed on the basis of the stand-alone financial statements of the Belgian entity concerned for the preceding financial year.

- A sum of operational and financial income of EUR 50 million (excluding non-recurring income);
- A balance sheet total of EUR 1 billion; or
- An annual average of FTEs of 100.

All related documents (including the Law, Royal Decree and individual Forms to be filed), as well as additional guidance, have been posted by the Belgian tax authorities on the following website:

Dutch link: <http://financien.belgium.be/nl/ondernemingen/internationaal/verrekenprijzen-beps-13>

French link: <http://finances.belgium.be/fr/entreprises/international/prix-de-transfert-beps-13>

Moreover, the Belgian tax authorities have decided to take the tax audits of multinational groups to the next level. From now on, the Belgian tax inspectors will mainly focus on transfer pricing and complex international tax issues (resulting from, among others, the implementation of the Anti-Tax Avoidance Directive, "ATAD").

Recent transfer pricing documentation requirements flooding Belgian tax authorities with information

As the Belgian tax authorities are flooded with transfer pricing information and documentation following the rather recent requirement for qualifying taxpayers to file a Master File, a Local File (Form), and Country-by-Country Reports (and notifications), they have decided to invest considerably in manpower to review all these documents (assisted by software tools) and to perform audits on the detected issues. In doing so, a three-layered approach will be followed.

Three-layered approach

First of all, the Special Transfer Pricing Audit Department will increase its number of transfer pricing inspectors from 27 to 42.

Secondly, in enhancing cooperation with the Large Companies Department, the specialists of the Special Transfer Pricing Audit Department will organize transfer pricing trainings for the audit centers of the Large Companies Department. To date, full-week trainings have already been conducted twice, and this training program will continue. In total, more than 200 people from the Large Companies Department (of which more than 100 are inspectors) will be trained. Each of the 20 teams of the

Large Companies Department will be assigned a number of (multinational) groups of companies that will be subject to a thorough transfer pricing and international tax audit. During these audits, the teams of the Large Companies Department will be assisted and supported by the specialists of the Special Transfer Pricing Audit Department. Consequently, the teams of the Large Companies Department of the Belgian tax authorities will focus on transfer pricing and international tax issues when auditing large groups and companies.

In addition, the Special Investigation Squad (Bijzondere Belastinginspectie - BBI/Inspection Spéciale des Impôts - ISI) has concluded a protocol with the Special Transfer Pricing Audit Department, whereby BBI/ISI will also focus more on transfer pricing issues, to coordinate and liaise with the Special Transfer Pricing Audit Department.

Given the fact that Belgium is taking a strict approach while other countries are not, what should multinational corporations based in Belgium do to balance their approach? How can it maintain tax efficiency without running afoul of tax authorities in Belgium and abroad with this new reality? How should I complete my filing requirements in a clear way to avoid transfer pricing audits?

KPMG Approach

The transfer pricing documentation structure proposed by the OECD has been adopted by Belgium, i.e. three layers of documentation which have each a specific purpose:

- Country by Country Reporting
- Master File
- Local File

Taken together, these three documents require taxpayers to articulate consistent transfer pricing positions.

The three reports (to be compiled in specific Form formats) will, where applicable, have to be filed annually and will need to be filed electronically. An electronic platform has been foreseen for the filing.

KPMG can help Tax Directors fulfill these new requirements and manage the process flows associated to them.

Moreover, in case a transfer pricing audit would be initiated by the Belgian tax authorities based on the information included in the files submitted, KPMG has an experienced team to assist you during this process.

The Benefits

With adequate preparation multinational corporations based in or with significant operations in Belgium, will be able to adapt to the new tax landscape, without suffering unwarranted disruptions in business operations or incurring excessive tax costs during the transition, while preserving their reputation.

How to successfully manage your Merger and Acquisition activities



Rinko-Chan On The Building, 2005, Fiberglass, resin, acrylic, fabric, LCD display
base: 17 x diam. 135 cm
sculpture: 200 x 105 x 110 cm - Chiho Aoshima
Vanhaerents Art Collection, Brussels

The Challenge

Successful growth can be created by internal development, but a corporate development strategy may also require a merger or acquisition, a partnership or joint-venture, or even a divestment. In all these scenarios, tax can play an important role and create or destroy value. It is therefore necessary to address the tax aspects of any M&A transaction in a timely and appropriate manner.

KPMG Approach

Typical buy-side M&A tax support includes:

- Tax due diligence;
- Modeling of the target business' future tax position;
- Assistance with tax matters in the share/asset purchase agreement;
- The structuring of the transaction and post-acquisition integration; and
- Our focus in each of these areas is on value protection and value creation

During our tax due diligence exercise we identify historical exposures and help you understand the tax profile of the target group. We consider what drives the future tax position of the business, and explore opportunities to improve the tax position, so that you can adequately reflect this in your valuation. Next, we assist you in finding adequate (financial) protection in the share or asset purchase agreement to avoid unpleasant surprises after completion. We suggest approaches and ideas to avoid the common and hidden pitfalls in these agreements and help you find the right commercial balance. Furthermore, we consider the options for optimizing the funding of the transaction, assist you with enhancing the capacity for servicing external debt, and consider the options to match interest expenses with operational cash-flows. We can also support you in managing withholding taxes on payments such as dividends and interest in order to mitigate any unnecessary leakages.

For buy-out transactions, we help you consider the options for aligning the interests of management and the financial sponsor in a sustainable and tax-efficient manner, and we address the key tax considerations for an exit.

Integrating the acquired business in view of maximizing synergies may present fiscal challenges as well as opportunities. We will assist you with integrating the acquired business with minimal fiscal obstacles, and help you find opportunities to increase the tax-efficiency of your integrated group.

When assisting you as a vendor in an M&A transaction, we focus on giving potential investors and their advisers insight into the tax position of the business to be divested in view of maximizing the value for the vendor. We bring our technical and deal experience to the table, and we help you to manage and mitigate any historical tax exposures where needed.

Finally, business optimizations may also impose internal reorganization transactions such as a merger or demerger. The technical tax rules are often complex and require careful attention. We can help you to manage both the pitfalls and opportunities of such internal reorganizations.

The Benefits

Our broad experience with deals and focus on value can help you secure the maximum benefits from your M&A transaction. Having worked on many M&A transactions, we understand the mechanics of acquisitions and disposals in a competitive environment so that we can help you maximize the efficiency of your M&A process. Closely integrated in KPMG's global M&A network, we are not restricted by local knowledge or national borders, and we can help you to address both local as well as cross-border fiscal challenges and opportunities in the area of M&A.

How to help family businesses grow and succeed

The Challenge

Family businesses are unique. The family dynamics can play a significant role in decision making, and offer both opportunities and challenges. The growth and sustainability of a family business lies in the fine balance between the needs of the business and the expectations of the family members, both active and non-active.

A family business has specific needs; running the day-to-day activities, planning for the sustainability and the future of the company, and keeping the family's presence in mind raises many crucial questions for the owners. Does everyone in your family share the same vision? Do you have similar or other interests? The task of realizing the full potential of the business while satisfying the current and future expectations of family members can sometimes be challenging, but certainly achievable with the right approach.

KPMG Approach

To support the unique needs of family businesses, KPMG has a dedicated team of specialists who offer relevant information and advice to family-owned companies, their management, and shareholders. We understand that the nature of a family business is inherently different from a non-family business and requires an approach that considers "the family component."

Our advisers work with family businesses in the areas of Succession & Next Generation, (Corporate) Governance, Growth (mergers, acquisitions ...), Expansion or Exit Strategies, and Wealth Preservation.

The Benefits

From the boardroom to the kitchen table, KPMG's family business specialists bring decades of knowledge and experience to each engagement.



FOUR COLORS FOUR WORDS

How to increase tax benefits by making your company more sustainable

The Challenge

There is a growing call for sustainability. Industrial companies nowadays are encouraged to invest in ecological and energy-saving technologies through a number of tax and financial incentives such as the increased investment deduction or the fading out of immovable withholding tax on industrial equipment.

In light of these incentives, it is essential for industrial companies to take the right approach and follow up their investments and disinvestments.

KPMG Approach

In order to assist companies in optimizing these industrial incentives in the most efficient way, the KPMG network in Belgium has composed a multidisciplinary team of tax experts, asset management specialists, and engineers who understand the specific characteristics of each industrial sector and help clients make the right boardroom decisions, on a technical, as well as a financial level.

Timely reporting of the investment/divestment of a tangible asset (with the qualifying tax status) to the tax authorities could result in cash savings. In order to correctly report investments and/or divestments, the information gap between technical documentation and financial documentation needs to be bridged by means of data registration procedures. Our hands-on approach assists industrial companies in closing this gap.

Quick scan: Our experts will screen your company in the area of industrial incentives and make an analysis of the current situation and the actions required to fully benefit from the optimization potential.

Optimization: In addition to globally mapping the situation regarding industrial taxes, KPMG also assists with the:

- Optimization of technical inventory and/or list of tangible fixed assets.
- Regularization, negotiations with the tax administrations, preparation of protest letters, etc.
- Application for the increased investment deduction and other sector specific subsidizations.

Internal training: To prepare these companies for our hands-one approach, KPMG provides effective internal training and development. Using real life examples, problems, and challenges, we will make sure that every participant thoroughly understands a topic and enable them to train others.

The Benefits

Our team of tax experts helps you with the right methodology to maximize your tax and financial incentives.

How to ensure compliance before your employees check in for business travel

The Challenge

In an increasingly global marketplace, opportunities for your business can emerge anywhere. As a company you need to be in the right place at the right time and so do your employees. Business travel is vital to your success.

As your global workforce becomes more diverse and mobile you need to keep on top of a complex and demanding regulatory environment. Now, more than ever, you need to know where your employees are, what activities they are performing, and what the implications are for the individual and the organization.

A lack of formal policies, procedures, and systems can cause companies to overlook payroll, tax, and social security obligations, leading to the creation of permanent establishments, and resulting in immigration non-compliance. Overlooking such compliance issues can have a detrimental domino effect on your organization's ability to operate effectively on a global basis and lead to financial and reputational risks and exposures. Projects and future business may be put at risk.

KPMG Approach

KPMG's Global Mobility Services (GMS) practice brings together a wealth of tax, social security, technology, immigration, and mobile administration services to help manage your global workforce more easily, safely and efficiently. To this end, we offer you:

- Technical and practical expertise in all aspects of global mobility, including tax and social security compliance.
- A global immigration network offering a broad range of immigration services required to deal with challenges relating to short term business travelers.
- Our web-based KPMG LINK Business Traveler tool for tracking business travel and providing greater visibility and control in dealing with the compliance and risk aspects associated with business travel, with minimal interruption to employees and the business.

The Benefits

KPMG offers an integrated, centrally managed global compliance process. Our experienced network of professionals work alongside you for your global mobility needs such as travel policies, payroll requirements, tax returns, certificates of coverage, audits, visas, and work permits.

Our Business Traveler tool helps transform the way your business manages global business travel. Employees can conveniently record travel and receive instant pre-travel instructions, either online or via their mobiles, enabling your business to address compliance issues on a timely basis or better, avert an issue before it even arises.



BURIAL AT SEA, 2004, DIGITAL VIDEOLOOP,
WHITE 13 INCH TELEVISION, DVD, 2 minutes,
35,56 X 38,10 cm - Paul Pfeiffer
Vanhaerents Art Collection, Brussels

Contact us

KPMG in Belgium

Brussels

Brussels National Airport
Building 1K
B-1930 Zaventem

Ghent

Blue Towers – ‘Schelde’
Sluisweg 2 box 8
B-9000 Ghent

Liège

Clos Chanmurly 13
B-4000 Liège

Kortrijk

Beneluxpark 35
B-8500 Kortrijk

Antwerp

Borsbeeksebrug 30 box 2
B-2600 Antwerp

Hasselt

Herkenrodesingel 6A box 301
B-3500 Hasselt

Louvain-la-Neuve

Axis Parc
Rue Emile Francqui 11
B-1435 Mont-Saint-Guibert

René Philips

Head of Tax & Legal

T +32 2 708 38 07

E rphilips1@kpmg.com

kpmg.com/be/tax

Follow us :



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2018 KPMG Tax Advisers, a Belgian civil CVBA/SCRL and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Belgium.

Telephone personality, 2001, acrylic,
enamel on canvas, 198 x 152.4 cm - Greg Bogin
Vanhaerents Art Collection, Brussels